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Abolishing the NHS surcharge for health and care workers is not as generous as it sounds – a pay rise is needed



*The government was recently been forced to re-think its plans to continue charging workers in health and social care for using the NHS. But how many pay the surcharge and how much would it cost to abolish it? In answering these questions, **Alan Manning** explains why the gesture is not as as generous as many might think; more needs to be done to address the poor pay and conditions in this sector.*

Currently, most migrants from outside the EEA who are on a visa of six months or more have to pay the Immigration Health Surcharge, which starts at £400p.a. though an increase to £624 is planned for October. This includes workers in the NHS and social care on whose work we have all depended in the pandemic.

Understandably, levying this charge on these workers at this time seemed to many a lack of generosity of spirit. The government, after some delay, has eventually decided to exempt workers in NHS and social care, seemingly permanently. But how generous is this gesture depends on how many migrants in these sectors are actually paying this charge. It is hard even for the government to answer this question because many of the relevant migrant workers are not on work visas, so the Home Office would not know what work they are doing. But here are some rough estimates:

Table 1 shows the fraction of UK-born, EEA-born, and non-EEA-born migrants in the sectors of 'Human Health Activities' (including but quite a lot wider than the NHS) and 'Residential Care Activities'.

Table 1: Migrant Shares in Health and Care Sectors

	Human Health Activities	Residential Care Activities
UK-Born	82%	80%
EEA-born (excl. UK)	4%	6%
Non-EEA born	14%	14%

These figures come from the Labour Force Survey are a bit different from some other sources. The migrant shares are much higher in some parts of the UK, notably London. EEA migrants do not pay the surcharge (but new arrivals will do so in the future under the government's plans). Not all non-EEA migrants do either – it is only those on visas, essentially those who do not have permanent leave to remain in the UK. Those who have become UK citizens do not have to pay. In health, 63% of non-EEA migrants report being a UK citizen; in care it is 46%.

Even among non-EEA migrants who are not British citizens, those with settlement do not pay. It is harder to estimate this proportion but one indication is length of time in the UK. For non-EEA migrants who are not UK citizens, the distribution of time in the UK is reported as:

Table 2: Time in the UK for non-EEA migrants, non-UK citizens

	Human Health Activities	Residential Care Activities
Under 5 years	15%	21%
5 years but under 10	27%	31%
10 years and more	57%	48%

Half of this group have been in the UK more than ten years when other data sources suggest most migrants will have settlement (though there are always exceptions). In fact, many of those coming under the family or work route (common in these sectors) will have settlement after five years. It seems likely that no more than half of the non-EEA migrants who are not UK citizens have to pay the charge.

These estimates imply that in health, only 2.1% of workers are paying the surcharge, 12% of migrant workers in the sector. In total, this is 50,000 workers though this includes many who are not in the NHS. Assuming each worker has an average of one dependent who also have to pay the charge (a high estimate I suspect) the total amount it will cost to waive the charge in the health sector would be about £41m annually. For the care sector, the estimates imply that 3.8% of workers are paying the surcharge, 18% of migrant workers in the sector. This amounts to about 39,000 workers paying £31m in the charge.

So, the total cost is estimated to be at most £70m annually and I again suspect this is an over-estimate. A nice gesture, and important for those who currently pay the charge, but perhaps not as generous as many might think.

When Boris Johnson says the charge has raised £900m, he may be summing over many years and including everyone who pays the charge, most of whom are probably students. To exempt health and care workers would cost very much less.

There is a flip side to this coin, however. It costs little because fewer workers in these sectors than many think are paying the charge, even among migrant workers. For those that do pay it, waiving it or abolishing it is an important gesture but perhaps we need to do more to thank workers in these sectors, both migrants and the UK-born.

My suggestion would be to make a start by immediately raising the pay of care assistants. Some supermarkets have already paid bonuses to their staff and the Welsh Government has promised a one-off £500 bonus for care workers. The UK Government has spent plenty of money on other things. But it should be a permanent rise in salary, not just a one-off bonus. That may necessitate resolving the problems of financing the sector, but everyone knows this needs to be done. The poor pay and conditions in this sector were a national scandal before the pandemic and the primary cause of the high level of vacancies. Raising the pay of care assistants would not just be an appropriate gesture of thanks for the present but a good investment for the future.

About Author



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